Opening of new branches of UCBs

4349. SHRI C. RAMACHANDRAIAH: Will the Minister of FINANCE be pleased to state:

(a) whether the RBI is considering granting licence to new Urban Cooperative Banks (UCBs);

(b) if so, what criteria would be followed in opening new UBCs in the first phase;

(c) whether opening of new branches of UCBs are also contemplated;

(d) if so, how many new branches in addition to new UCBs would be set up in Andhra Pradesh; and

(e) if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) to (e) It was stated in Annual Policy Statement of Reserve Bank of India for the year 2004-05 that fresh licences will be issued only after a comprehensive policy on UCBs, including an appropriate legal and regulatory framework for the sector, is put in place and a policy for improving the financial health of the urban cooperative banking sector is formulated. As an extension of the above announcement, RBI is not considering for the present any fresh proposal for allotment of centers for opening of branches by any UCBs/ opening of UCBs. However, in the Mid-term Review of Annual Policy Statement for the year 2006-07, RBI has decided to allow financially sound Urban Cooperative Banks (UCBs) registered in States that have signed MoU with the RBI and those registered under the Multi-State Co-operative Societies Act, 2002 to convert existing extension counters into full-fledged branches subject to certain conditions mentioned in the guidelines issued on November, 13,2006.

RBI has entered into MoU with State Governments which includes Andhra Pradesh. As part of the MoU, a Task Force for Urban Co-operative Banks (TAFCUB) has been set up in each of the States which have signed the MoU for identification of and drawing up of a time bound action plan for revival of potentially viable UCBs and for non disruptive exit for non-viable UCBs.

Based on TAFCUBs recommendations, supervisory actions that have been taken include issue of license to unlicensed banks, allowing merger of UCBs, cancellation of license of unviable UCBs etc. Further, certain other facilities like setting up of currency chest, selling mutual funds, providing foreign exchange services etc. have been extended to such banks in the MoU signed States.

Removal of distinction between FDI and Flls

4350. SHRI MAHENDRA MOHAN: Will the Minister of FINANCE be pleased to state:

(a) whether Government are examining the possibility of redefining foreign investment in companies by removing the distinction between FDI and Fll;

(b) if so, the details thereof;

(c) how the proposed policy change will have impact on different sectors like asset reconstruction companies, direct-to-home distribution of broadcast signals and real estate; and

(d) how much investment has been made in India through FDI and FN separately?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL): (a) No, Sir.

(b) to (d) Do not arise.

Performance-related pay to employees

4351. SHRI N.R. GOVINDARAJAR: Will the Minister of FINANCE be pleased to state:

(a) whether Government propose to introduce performance-related pay for the Central Government employees, as per suggestion of the panel of Pay Commission;

(b) if so, whether this will cut the basic benefits given to employees; and